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RR RUEHDE RUEHDH
DE RUEHCV #1017 2171808
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R 051808Z AUG 09
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC 3501
INFO RUEHHH/OPEC COLLECTIVE
RUEHAC/AMEMBASSY ASUNCION 1027
RUEHBO/AMEMBASSY BOGOTA 8034
RUEHBR/AMEMBASSY BRASILIA 6168
RUEHLP/AMEMBASSY LA PAZ 2920
RUEHPE/AMEMBASSY LIMA 1201
RUEHMD/AMEMBASSY MADRID 3246
RUEHSP/AMEMBASSY PORT OF SPAIN 3747
RUEHQT/AMEMBASSY QUITO 3015
RUEHSG/AMEMBASSY SANTIAGO 4145
RUEHDG/AMEMBASSY SANTO DOMINGO 0673
RUEHUB/USINT HAVANA 1048
RHEHNSC/NSC WASHDC
RHEHAAA/WHITEHOUSE WASHDC
RHEBAAA/DEPT OF ENERGY
RUCPDO/DEPT OF COMMERCE
RUEATRS/DEPT OF TREASURY
RUMIAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L CARACAS 001017

SIPDIS

ENERGY FOR ALOCKWOOD AND LEINSTEIN, DOE/EIA FOR MCLINE
HQ SOUTHCOM ALSO FOR POLAD
TREASURY FOR MKACZMAREK
COMMERCE FOR 4332/MAC/WH/JLAO
NSC FOR RKING

E.O. 12958: DECL: 08/04/2019

TAGS: [EPET](#) [EINV](#) [ENRG](#) [ECON](#) [CU](#) [VE](#)

SUBJECT: VENEZUELA: REPSOL EMPLOYEE COMMENTS ON DRILLING
OFFSHORE CUBA/VENEZUELA

REF: A. (A) 05 CARACAS 2807

[1](#)B. (B) CARACAS 239

[1](#)C. (C) CARACAS 853

Classified By: Economic Counselor Darnall Steuart, for reasons
1.4 (b) and (d).

[1](#)1. (C) XXXXXXXXXXXXXXXX , Repsol

Drill Project Manager for the Rafael Urdaneta offshore
natural gas exploratory well told Petroleum Attache on August
2 that Repsol had cancelled plans to drill in Cuba, as it had
been unable to secure an offshore drill rig with less than
fifteen percent U.S. content.

[1](#)2. (C) XXXXXXXXXXXXXXXX added that the Spanish oil company has
experienced several challenges over the last month in its
Urdaneta drill program. XXXXXXXXXXXXXXXX shared that PDVSA recently
seized vessels in the Gulf of Venezuela owned by Venezuelan
launch company Terminales Maracaibo that had been servicing
the off-shore rig. The service company has the contract to
provide Chevron, Repsol, and Teikoku with launch services in
the Gulf to transport crew and supplies to the rig.
Terminales Maracaibo continued to operate vessels not
expropriated in May 2009 until PDVSA recently expanded the
scope of the expropriation beyond assets physically located
on Lake Maracaibo. XXXXXXXXXXXXXXXX indicated that Repsol has not
been able to find a replacement launch company (as there are
few private launch companies left in Venezuela) and is
increasingly reliant on PDVSA to provide launch services to
maintain its drilling program.

[1](#)3. (C) XXXXXXXXXXXXXXXX also noted that during the first week of
drilling, the rig was shut down for 36 hours due to a
shortage of diesel fuel. The rig temporarily shut down again
the weekend of August 1 due to another fuel shortage.
Problems within PDVSA's domestic fuel distribution system are
driving this problem. (NOTE: The GBRV nationalized the

downstream oil sector, including tanker trucks and gas stations in September 2008, and has slowly integrated private tanker trucks into its fleet.) XXXXXXXXXXXXXXX shared that Repsol had been unable to lease some specialized drill tools from Schlumberger as it had exported them out of Venezuela and was not willing to bring them back. XXXXXXXXXXXXXXX stated that Repsol had also encountered some technical difficulties with the drilling program (NFI). Based on current progress, XXXXXXXXXXXXXXX believes Repsol will complete its exploratory well within the next four to six weeks.

¶4. (C) XXXXXXXXXXXXXXX noted that Japan's Teikoku has offered jobs to Repsol's entire senior drilling team, asking them to transfer with the drill rig from Repsol. Teikoku has drill engineers preparing its exploratory well in the Moruy II block, but has not put into place a management team to execute the program (e.g. project supervisor, operations manager, drill rig supervisor, etc.).

¶5. (C) COMMENT: Repsol's problems in securing launch vessels and diesel fuel underscore some of the unintended consequences of GBRV nationalizations of downstream operations and the oil services sector. Its inability to secure specialized drill tools from Schlumberger confirms reports that companies are quietly removing capital equipment from Venezuela. END COMMENT.

DUDDY